COUNCIL ON HUMAN SERVICES

MINUTES

April 10, 2013

COUNCIL

Mark Anderson
Phyllis Hansell
Roger Hartman
Jim Miller
Mark Peltan
Roberta Yoder
Guy Richardson (absent)

EX-OFFICIO MEMBER

Senator Amanda Ragan (absent)
Senator Jack Whitver (absent)

STAFF

Charles Palmer
Nancy Freudenberg
Jennifer Vermeer
Roger Munns
Sally Titus
Harry Rossander
Julie Fleming
Rick Shults

GUESTS

Ashley Engelbrecht, Iowa Medical Society

Mark Anderson, Vice Chair, called the Council meeting to order at 10:00 a.m. on Wednesday, April 10, 2013, in the First Floor Conference Rooms of the Hoover Building.

ROLL CALL

All Council members were present with the exception of Peltan who arrived at 10:20 am.

RULES

Nancy Freudenberg, Bureau of Policy Coordination, presented the following rules.

1. Amendments to Chapter **78**, Medicaid. Implements revisions to rules due to billing code changes and standardization of definitions. This is a companion rule change to Rule 2 listed below. (federal initiative)(ARC 0567C 1/23/13)

A motion was made by Yoder to approve and seconded by Miller. MOTION UNANIMOUSLY CARRIED.

2. Amendments to Chapter **79**, Medicaid. Updates unit of service changes for waiver services. This is a companion rule change to Rule 1 listed above. (federal initiative)(ARC 0568C 1/23/13)

Hansell asked how many participants were on the Senior Companion Program. Freudenberg explained this program is a service made available through the elderly waiver.

A motion was made by Hartman to approve and seconded by Hansell. MOTION UNANIMOUSLY CARRIED.

3. Amendments to Chapter **78**, Medicaid. Implements conversion of billing codes used to bill waiver services. Makes changes to standard definitions. Removes exclusion of case management and targeted case management under general service standards for each waiver. This is a companion rule change to Rule 4 listed below. (federal initiative)(ARC 0589C 2/6/13)

A motion was made by Yoder to approve and seconded by Miller. MOTION UNANIMOUSLY CARRIED.

4. Amendments to Chapter **79**, Medicaid. Changes unit time and rate definitions for HCBS waiver and habilitation services. Aligns reimbursement with new billing code definitions. Increases rates to equalize service rates across programs. This is a companion rule change to Rule 3 above. (federal initiative)(ARC 0588C 2/6/13)

A motion was made by Miller to approve and seconded by Hartman. MOTION UNANIMOUSLY CARRIED.

5. Amendments to Chapter **79**, Medicaid. Clarifies existing rules for when a medical assistance provider will not or cannot provide records to support billed services. (state initiative)(ARC 0570C 1/23/13)

Hansell asked if medical assistance provider, as referred to in this rule, is the same thing as a Medicaid provider. Director Palmer responded yes.

A motion was made by Hansell to approve and seconded by Yoder. MOTION UNANIMOUSLY CARRIED.

6. Amendments to Chapter **79**, Medicaid. Clarifies rules regarding reviews and audits in the medical assistance program. (state initiative)(ARC 0569C 1/23/13)

A motion was made by Miller to approve and seconded by Hartman. MOTION UNANIMOUSLY CARRIED.

7. Amendments to Chapter **79**, Medicaid. Increases payments to primary care specialties in accordance with the Patient Protection Affordable Care Act, Section 1202. This rule was also adopted and filed double emergency as ARC 0585C in January 2013. (federal initiative)(ARC 0584C 2/6/13)

A motion was made by Yoder to approve and seconded by Hansell. MOTION UNANIMOUSLY CARRIED.

8. Amendments to Chapter **81**, Medicaid. Allows nursing facilities to collect additional payment above the Medicaid payment from residents and families who desire a private room. (state initiative)(ARC 0590C 2/6/13)

A motion was made by Peltan to approve and seconded by Hartman. MOTION UNANIMOUSLY CARRIED.

9. Amendments to Chapters **110** & **170**, Child Care. Implements legislative mandate that DHS conduct national criminal history checks on all registered child development homes, child care homes and providers receiving child care assistance payments starting July 1, 2013. (state initiative)(ARC 0566C 1/23/13)

A motion was made by Hansell to approve and seconded by Yoder. MOTION UNANIMOUSLY CARRIED.

REPORT OF NOTICED RULES

N-1. Amendments to Chapters **77**, **78**, **79**, & **83**, Medicaid. Changes the name of the Ill and Handicapped Waiver to the Health and Disability Waiver. (state initiative)(ARC 0615C 2/20/13)

N-2. Amendments to Chapter **88**, Medicaid. Clarifies policy on the treatment of income and resources for institutionalized spouses who apply for the Program for All-Inclusive Care for the Elderly (PACE). (state initiative)(ARC 0639C 3/6/13)

N-3. Amendments to Chapter **92**, Medicaid. Implements notice of premium amounts for medical assistance benefits under the IowaCare program based on the increase in Federal Poverty Level. (federal initiative)(ARC 0638C 3/6/13)

N-4. Amendments to Chapter **92**, Medicaid. Amends language to include Native American health care providers as providers in the IowaCare network to serve IowaCare-eligible Native Americans. (state initiative)(ARC 0637C 3/6/13)

A motion was made by Miller to approve the Report of Noticed Rules and seconded by Yoder. MOTION UNANIMOUSLY CARRIED.

Anderson ceded the chair back to Peltan at the conclusion of the rules presentations.

IOWA STATE INNOVATION MODEL (SIM) AND MEDICAID ISSUES

Jennifer Vermeer, Medicaid Director, gave a presentation on the Iowa State Innovation Model (SIM) and Medicaid Issues. Vermeer provided a handout on the Iowa State Innovation Model (SIM) Stakeholder Process.

Vermeer began by stating that the concept of health care delivery system is an umbrella term that encompasses every aspect of health care; Medicaid is just one part of the system.

In the presentation it was noted that the top 5% of high cost/high risk members in Medicaid account for 90% of hospital readmissions within 30 days. The associated costs for these members equates to 75% of total inpatient costs. These persons have an average of more than four conditions, are being treated by five physicians with more than five sources for prescriptions. Prescriptions for this population alone constitutes 50% of the total prescription drug cost. This population has chronic and long-term illnesses that impact heavily and often on the system. Forty-two percent of the members in the top 5% in 2010 were also in the top 5% in 2009.

Vermeer said clearly the health care delivery system is fragmented. Reimbursement methods reward volume not value. This, in turn, drives the cost of health care to a point where it is unaffordable and unsustainable for citizens and taxpayers. In Iowa, Medicaid is the 2nd largest payer of health care insurance, covering more than 23% of Iowans.

Vermeer said an opportunity to apply for a State Health Care Innovation Plan through the Centers for Medicare and Medicaid Services became available as part of the discussions around how to implement the Affordable Care Act. The Iowa SIMs stated goal is to reduce the rate of growth in health care costs for the state as a whole to the

Consumer Price Index within three years. This goal would be accomplished through the establishment of a value-based reimbursement Accountable Care Organization (ACO). (Vermeer noted that IowaCare as it currently exists is scheduled to expire in December 2013. The Healthy Iowa Program is one initiative that could replace IowaCare and would cover persons with incomes up to and below 100% of the federal poverty level.)

The timeline for the SIM grant is very tight. Vermeer said the grant only allows six months for the development or implementation of a health care delivery system. DHS has received many letters of support and interest regarding the SIM grant from healthcare providers, health care advocacy groups, hospitals, and contractors.

One development concept discussed by Vermeer was that the health delivery system could mirror how the state currently uses targeted case managers. The methodology would include a single point of coordination for identified clientele. The points of coordination would consider a holistic approach and be concerned about more than just the health care aspects for a member.

Yoder asked if the idea would be for care coordinators to be employees of ACOs? Vermeer responded yes.

Vermeer went on to say that she believes the Accountable Care Organization is the way forward. She recognized that provider organizations will need to add infrastructure to act as points of coordination. Long-term, the ACO methodology will lower the rate of growth in health care delivery.

Vermeer said that the ACO methodology is only effective when there are economies of scale. Larger organizations will clearly have the advantage. The ACO concept could be more challenging in rural counties that have limited populations and providers. It may be that several counties may want to "band" together to create an integrated ACO in order to achieve economy of scale.

Vermeer noted that IME has hired two contractors to assist with the creation of the SIMS plan: Treo Solutions and Health Management Associates.

Finally, Vermeer noted that stakeholder involvement is key to success in the development of any ACO concept. She anticipates that DHS will follow a similar methodology for stake holder involvement as is currently being used in the Mental Health redesign planning.

Peltan thanked Vermeer for a very good presentation.

Peltan asked if Council members would like to express any opinion on which path to follow: the Healthy Iowa Plan or Medicaid expansion?

Hansell stated that the choices were both somewhat controversial at this point. She was not in favor of recommending a position at this time.

Miller agreed with Hansell's assessment. He wondered if the Healthy Iowa Plan would be affordable and sustainable? He also wondered if the Medicaid expansion would be too inflexible?

Peltan stated he personally believes Medicaid expansion would be the way to go but he also believes the Healthy Iowans plan has good ideas that he would like to see incorporated into Medicaid expansion as a waiver, if that could be managed.

Director Palmer suggested Michael Bousselot from the Governor's Office be invited to attend a Council meeting to provide additional information to the Council in a discussion of both alternatives.

DIRECTOR'S UPDATE

Director Palmer noted that three new members have been appointed to the DHS Council. DHS plans to have an all-day orientation for those new members and any others that may wish to attend. The orientation session is scheduled for Tuesday, May 7th, with the regularly scheduled Council meeting following on Wednesday, May 8th. Director Palmer noted if Council members want to attend the orientation session it would be considered a public meeting.

Director Palmer said that he planned to use the DHS budget book as a guide for the orientation topics. He said he also wanted to include a discussion of the Administrative Rules process.

Director Palmer said that the Governor's office involved him directly in the selection and appointment process for the new members. He stated that each of the new Council persons would bring new perspectives to the group.

UPDATE ON CURRENT ISSUES

Director Palmer then asked Rick Shults, Division Administrator for Mental Health and Disability Services, to give an update on actions regarding the mental health redesign. Shults stated that DHS has been working with both the Senate and the House on their respective bills.

Shults said that there are similarities in both bills:

1. House Study bill 229 and Senate File 440 are both designed with outcomes and measures.
2. Both bills freeze changes to County Medicaid bills.
3. Both bills also have a provision for a children's cabinet. A children's cabinet would be a group to help break down children's services across the spectrum. The group would have representation by other agencies (both in and out of state government) but would still fall under the leadership of the DHS Director. There could be representation

from education, public health, and providers depending on which version of the bill is passed.
4. Each bill has established sets of expectations for Counties.
5. Each bill also has slight variations in how regions will transition going forward.

The differences between the two bills center around how the plan(s) will be financed. The house version uses an "equalization payment" methodology and appropriates $29.8 million. The senate version assumes that change in county property taxes will happen. This version would only establish a finance methodology for SFY 2014 but would also underwrite a viability study for SFY 2015.

Director Palmer stated that the theory of regions is already showing progress as economies of scale are being recognized. In one region, a specific county had a facility with 20 beds but prior to this concept was only utilizing 4-6 beds on any given day. Due to this concept the facility is now more viable as the other member counties can send patients to the facility for services. The pooling of money and resources is a "win-win."

Finally, Director Palmer went on record to publically laud the service and efforts of Jim Miller and Roger Hartman as they leave the DHS Council. They both brought passion and foresight to the discussion of issues faced by DHS over their years of service. Both Jim and Roger were key in keeping the Council moving through every issue.

COUNCIL MEMBER UPDATES

Yoder said it is a bittersweet day to say goodbye to Hartman and Miller.

Hansell noted that she had received a good budget and funding tutorial from Jean Slaybaugh since the last Council meeting. She also noted that she will be visiting another program area in the near future. She said she has been hearing a lot of complaints from her colleagues about audits being conducted by DHS contractor, Magellan. She has a sense that inappropriate questions are being asked during the audits.

Peltan shared that his organization just completed an audit. He said that, in his view, many of the providers don't use a standardized approach to record keeping, and as such, they seem to be caught off guard.

Hansell stated she wants to attend the new council member orientation on May 7th.

Anderson stated that he also would like to attend the new council member orientation on May 7th. He also expressed appreciation to Miller and Hartman for their service.

Peltan stated that he would try to attend the whole day of new member orientation if he could rearrange his schedule.

Peltan noted that Miller had been a great mentor to him as a senior member of the Council. He also noted that Hartman had brought good perspective to the discussions over the years. Both men will be missed.

Hartman stated it was hard to believe that he had been on the Council for twelve years. He said he was most impressed by the quality and dedication of the people in DHS who truly do care about others.

Miller echoed Hartman's comments noting the time had gone by quickly. He said that he very much enjoyed visiting the different facilities and staff during his tenure on the Council. Miller then stated that he was still going to be a state employee as he continues to serve on the Iowa Pharmacy Board.

Miller noted that he was very familiar with one of the new appointees, Arnie Honkamp. Miller said that Honkamp is very community-oriented and involved. He will bring a great perspective to the Council and will be a great addition.

Peltan then presented gifts to both Miller and Hartman with appreciation from the Council for their service.

ADJOURNMENT

A motion was made by Yoder to adjourn at 12:48 p.m. and seconded by Hansell. MOTION UNANIMOUSLY CARRIED.

Council dined together for lunch at the Latin King immediately following adjournment.

Submitted by,

Harry Rossander
DHS Rules Administrator